

SENIOR INTERDEPARTMENTAL GROUP-INTERNATIONAL ECONOMIC POLICY

2:00 p.m.  
October 7, 1983  
Room 208  
Old Executive Office Building

Attendees:

Treasury  
Secretary Regan, Chairman  
Marc Leland

Office of the Vice President  
Admiral Dan Murphy  
Donald Gregg

State  
W. Allen Wallis  
Richard McCormack

Defense  
Stephen Bryen  
William J. Weida

Justice  
Jonathan Rose  
J. Michael Shepherd

Agriculture  
Secretary Block  
Jhani Laupus

Commerce  
Lionel Olmer  
Michael Zacharia

CIA  


OMB  
Joseph Wright  
Alton Keel

USTR  
William Brock  
Michael Smith

CEA  
William Niskanen  
Jeffrey Frankel

White House  
Richard Darman

Cabinet Affairs  
Larry Herbolsheimer

OPD  
John Svahn  
Roger Porter

AID  
Richard Durham

NSC  
Norman Bailey  
Roger Robinson  
Richard Levine

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International Finance Corporation

The first issue addressed by the Chairman was the International Finance Corporation.

The discussion centered on the need for the U.S. to stress entrepreneurship and the private sector. Questions were raised concerning the situation wherein bank lending could be channeled to companies with a large government-held interest. It was noted that the IFC may be requesting a five-year \$750 million capital increase.

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International Debt Update

The Chairman began with a discussion of the Philippine situation. The Philippine Foreign Minister was still in Washington at the time of the SIG meeting trying to pin down an IMF program for his country. He was also meeting with the President of the World Bank. If the Philippines meet the conditions of the IMF plan, then they could expect a World Bank loan of between \$200-250 million. It was further noted that an IMF team was soon to be in the Philippines. The Chairman noted that the Department of State felt strongly that the Philippines was deserving of financial support. The Philippines has also asked for Export-Import Bank support and funding for their nuclear power program.

The Chairman noted that Argentina was having difficulty regularizing its debt situation. It was pointed out that an Argentina judge had declared the rescheduling of the debt of Argentina Airlines illegal. A discussion then took place concerning the internal situation in Argentina and the possible repercussions to the American banking system if Argentina could not get disbursement by IMF and bank funds by the end of the year.

Brazil's financial situation was reviewed and it was noted that banks are putting together a \$6.5 billion package and the governments \$2.5 billion package. No action would be taken until IMF approval which could only come after approval in Brazil of the new wage law.

The Chairman discussed his meeting with President Mubarak. It was noted that the Egyptians want another wheat flour and dairy sale. The Chairman requested that a staff level interagency group look into pros and cons of giving some of the dairy surplus to Egypt.

It was further noted that Morocco has requested a Paris Club rescheduling and that a donors group would then be set up.

Report on IMF/IBRD Annual Meeting

The Chairman noted that the atmosphere at the Washington meeting was much better than in Toronto. Most of the Finance Ministers believed the world recovery was underway. There was criticism of the strong dollar; oil importing nations noted that they had to pay for oil in dollars. The President's speech was very well received by all Finance Ministers.

Export Administration Act

Commerce then reviewed the state of play on EAA renewal in the House and Senate. Commerce noted that while the House was probably willing to further extend the EAA, the Senate was reluctant to do so. If the Senate refused, the matter was to be reviewed at the next SIG meeting.

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